

Coloma Joint Fire Board

Berrien County, Michigan

Financial Report

March 31, 2004

Coloma Joint Fire Board

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Independent Auditor's Report

To The Board of Trustees
Coloma Joint Fire Board

We have audited the accompanying general purpose financial statements of the Coloma Joint Fire Board as of March 31, 2004 and 2003, and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Fire Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coloma Joint Fire Board, as of March 31, 2004 and 2003, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

May 12, 2004

Plante & Moran, PLLC



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Coloma Joint Fire Board

Balance Sheet – Governmental Fund Type and Account Group

		General Long-	Totals (Memorandum Only)	
		term Debt	March 31	
		Account		
	General Fund	Group	2003	2003
Assets				
Cash and cash equivalents (Note 2)	\$ 28,654	\$ -	\$ 28,654	\$ 39,695
Due from other governmental units	4,878	-	4,878	9,521
Amount to be provided for retirement of long-term debt	<u>-</u>	<u>38,390</u>	<u>38,390</u>	<u>47,000</u>
Total assets	<u><u>\$ 33,532</u></u>	<u><u>\$ 38,390</u></u>	<u><u>\$ 71,922</u></u>	<u><u>\$ 96,216</u></u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 4,870	\$ -	\$ 4,870	\$ 7,910
Accrued liabilities	14,839	-	14,839	19,034
Long-term debt (Note 3)	<u>-</u>	<u>38,390</u>	<u>38,390</u>	<u>47,000</u>
Total liabilities	19,709	38,390	58,099	73,944
Fund Balance	<u>13,823</u>	<u>-</u>	<u>13,823</u>	<u>22,272</u>
Total liabilities and fund balance	<u><u>\$ 33,532</u></u>	<u><u>\$ 38,390</u></u>	<u><u>\$ 71,922</u></u>	<u><u>\$ 96,216</u></u>

Coloma Joint Fire Board

Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund

	Year Ended March 31	
	2004	2003
Revenue		
Contributions from local units	\$ 178,588	\$ 166,959
Interest	125	420
Other	36,163	10,391
Total revenue	214,876	177,770
Expenditures		
Personnel	102,647	84,483
Supplies	6,445	13,370
Professional services	6,030	6,053
Community promotion	773	2,135
Transportation	2,860	2,739
Insurance	21,540	12,484
Utilities	10,639	9,512
Repairs and maintenance	19,335	18,105
Training	2,293	2,942
Capital expenditures	30,902	71,430
Uniforms	6,144	5,481
Miscellaneous	734	2,007
Board fees	2,310	2,205
Debt service	10,673	-
Total expenditures	223,325	232,946
Deficiency of Revenue Over Expenditures	(8,449)	(55,176)
Other Financing Sources		
Issuance of long term debt	-	47,000
Deficiency of Revenue and Other Financing Sources Over Expenditures	(8,449)	(8,176)
Fund Balance - Beginning of year	22,272	30,448
Fund Balance - End of year	<u><u>\$ 13,823</u></u>	<u><u>\$ 22,272</u></u>

Coloma Joint Fire Board

Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund

	Year Ended March 31			
	2004 Budget	2004 Actual	Variance - Favorable (Unfavorable)	2003 Actual
Revenue				
Contributions from local units	\$ 166,875	\$ 178,588	\$ 11,713	\$ 166,959
Interest	500	125	(375)	420
Other	30,175	36,163	5,988	10,391
Total revenue	197,550	214,876	17,326	177,770
Expenditures				
Personnel	87,600	102,647	(15,047)	84,483
Supplies	8,500	6,445	2,055	13,370
Professional services and dues	6,500	6,030	470	6,053
Community promotion	1,200	773	427	2,135
Transportation	2,800	2,860	(60)	2,739
Insurance	19,500	21,540	(2,040)	12,484
Utilities	9,400	10,639	(1,239)	9,512
Repairs and maintenance	20,000	19,335	665	18,105
Training	3,000	2,293	707	2,942
Capital expenditures	26,500	30,902	(4,402)	24,430
Uniforms	9,200	6,144	3,056	5,481
Miscellaneous	1,250	734	516	2,007
Board fees	2,100	2,310	(210)	2,205
Debt service	-	10,673	(10,673)	-
Total expenditures	197,550	223,325	(25,775)	185,946
Deficiency of Revenue Over Expenditures	-	(8,449)	(8,449)	(8,176)
Fund Balance - Beginning of year	22,272	22,272	-	30,448
Fund Balance - End of year	\$ 22,272	\$ 13,823	\$ (8,449)	\$ 22,272

Coloma Joint Fire Board

Notes to Financial Statements March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Fire Board conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity - The Fire Board is a joint venture between the City of Coloma and Coloma Charter Township and is governed by a six-member Board appointed by the City and Township. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

Fund Accounting - The accounts of the Fire Board are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Fire Board activity in the combined financial statements is reported in one generic fund type, the general fund.

The General Fund contains the records of the ordinary activities of the Fire Board. General Fund activities are financed by revenue from supporting local units.

Basis of Accounting

The Fire Board utilizes the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- b. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Fixed Assets - Fixed assets acquired by the Coloma Joint Fire Board are the property of the respective governmental units of the Fire Board. These assets are accounted for proportionately to ownership in the general fixed asset group of accounts of each local unit involved.

Long-Term Debt – Long-term debt expected to be financed from the general fund is accounted for in the General Long-term Debt Account Group, not in the general fund.

The General Long-term Debt Account Group is not a fund and does not involve the measurement of results of operations.

Coloma Joint Fire Board

Notes to Financial Statements March 31, 2004

Note 2 – Deposits

The Fire Board's cash is classified by Governmental Accounting Standards Board Statement Number 3 in the following categories:

	March 31	
	2004	2003
Bank deposits (checking accounts and savings accounts)	\$ 28,654	\$ 39,695

Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$29,629 and \$41,860 at March 31, 2004 and 2003, respectively, all of which was covered by federal depository insurance.

Note 3 – Long-term Debt

Outstanding Debt

The following is a summary of the debt outstanding of the Fire Board as of March 31, 2004:

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
General Long-Term Debt Account Group:				
Bank note payable	1	4.39%	2008	\$ 38,390
Total long-term debt				\$ 38,390

Coloma Joint Fire Board

Notes to Financial Statements March 31, 2004

Note 3 – Long-term Debt (Continued)

Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Fire Board for year ended March 31, 2004:

	General Long-Term Obligations
Balance - April 1, 2003	\$ 47,000
Debt retired	<u>8,610</u>
Balance - March 31, 2004	<u><u>\$ 38,390</u></u>

Debt Service Requirements

The annual requirements to service all debts outstanding as of March 31, 2004, including both principal and interest, are as follows:

	2005	2006	2007	2008	Total
Bank note payable	\$10,673	\$10,674	\$10,674	\$10,673	\$42,694

Interest

Interest incurred by the Fire Board was \$2,063 and \$0, respectively, for the years ended March 31, 2004 and 2003.

Note 4 – Risk Management

The Fire Board is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Fire Board participates in the Michigan Townships Participating Plan for all claims.

The Michigan Townships Participation Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Coloma Joint Fire Board

Notes to Financial Statements March 31, 2004

Note 5 – Budget Information

The annual budget is prepared by the Fire Board management and adopted by the Fire Board of Trustees; subsequent amendments are approved by the Fire Board of Trustees. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2004, has not been calculated.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America with the exception that equipment financed by installment purchases have been reported net of the related debt issuance, which did not involve the disbursement of Fire Board funds.

The budget statement (statement of revenue, expenditures and changes in fund balance – budget and actual – general fund) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted is a violation of Michigan law.

Significant expenditure budget overruns were as follows:

	Budget	Actual
Personnel	\$ 87,600	\$ 102,647
Insurance	19,500	21,540
Utilities	9,400	10,639
Capital expenditures	26,500	30,902
Debt service	-	10,673

Note 6 – Upcoming Reporting Change

For the year beginning April 1, 2004, the Fire Board will adopt GASB Statement Number 34. This will dramatically revise the information being reported in these financial statements. Governmental activities will report information by individually significant fund, as well as in total on the full accrual basis of accounting. Information is not available to present pro-forma data that would show the effect of this future change.